

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Xiaoqui Huang and Ningning Han,

Petitioners-Appellants,

v.

City of Ames Board of Review,

Respondent-Appellee.

ORDER

Docket No. 10-100-0386

Parcel No. 09-21-128-060

On March 14, 2011, the above captioned appeal came on for consideration before the Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2) and Iowa Administrative Code rules 701-71.21(1) et al. The Appellants Xiaoqui Huang and Ningning Han were self-represented and requested the appeal proceed without hearing. The City of Ames Board of Review designated Assistant City Attorney Kristine Stone as its legal representative. The Appeal Board having reviewed the record and being fully advised, finds:

Findings of Fact

Xiaoqui Huang and Ningning Han (Huang/Han) are the owners of a residentially classified, single-family residence located at 2618 Cottonwood Road, Ames, Iowa. The property is a one-and-a-half-story home built in 2009 and has 3168 square feet of total above-grade living area. The property has an 1802 square-foot, walk-out basement with 1552 square feet of living-quarter finish. There is also a three car attached garage, a 170 square-foot wood deck, and a 58 square-foot open porch. The site is 0.315 acres.

Huang/Han protested to the City of Ames Board of Review regarding the 2010 re-assessment allocated as follows: \$86,500 in land value and \$457,200 in improvement value for a total assessment

of \$543,700. They asserted the total market value of the subject property was \$486,500, allocated as \$400,000 to the improvements and \$86,500 to the land.

Huang/Han's claim was based on the following grounds: 1) that the assessment was not equitable compared with the assessments of other like property under Iowa Code section 441.37(1)(a); and 2) that the property was assessed for more than the value authorized by law under section 441.37(1)(b).

The Board of Review denied the protest.

Huang/Han then appealed to this Board reasserting their claims. They also reassert the correct value of the subject property is \$486,500.

Huang/Han provided a one-page letter to the Board of Review dated June 4, 2010, outlining their claims. They sent the same letter to this Board, on July 8, 2010. Huang/Han also provided a September 1, 2010, letter with a one-page listing of a property located at 1112 Idaho Avenue, Ames, Iowa; a print-out of the City of Ames property record card for 1112 Idaho Avenue; and a one-page invoice from Friedrich Construction which briefly outlines the contract base price, payments made, and final payment for the subject property.

In the July letter, Huang/Han identified two properties in their neighborhood which sold. The properties are located at 2716 Cottonwood Road and 2624 Cottonwood Road.

Huang/Han report that 2716 Cottonwood Road sold for \$344,000 on May 27, 2010, and that it was assessed for this same amount. Huang/Han claim this property was originally listed for over \$400,000 in early 2009, but there is no documentation provided to support this assertion. They do provide the "latest listing" of this property which shows an asking price of \$387,500. Huang/Han reference the attached print-out from the assessor's web-site for details about this property. The print-out is time-stamped prior to the sale. The property located at 2716 Cottonwood Road does have a January 1, 2010, assessment of \$344,000 based upon this print-out. However, we note this is a one-

story home compared to the subject's one-and-a-half-story design and the above grade gross living area (GLA) is 2018 square feet compared to the subject's GLA of 3168 square feet. Additionally, according to the property record card, the property does not have any basement finish compared to the subject having 1552 square feet of living-quality finish. Huang/Han do not make any adjustments for these significant differences.

A June 14, 2010, letter from the City Assessor to the Board of Review asserts this property actually sold for \$378,500 in May 2010. The assessor states the sale information was verified with the closing department that handled the sale and that the sale reflects basement finish which is not noted on the property record card or the 2010 assessment of the property. The assessor indicates the basement finish for this property will be picked up in the next assessment year.

The second property referenced by Huang/Han is located at 2624 Cottonwood Road. They note this property is located next door to their property, and they are familiar with it because they toured the home before building their own property. They assert this property was originally listed for sale in 2007 for \$490,000 and sold in May 2009 for \$425,000. There are no details provided regarding the listing or sale. They also attached a print-out of the property record card from the assessor's website for this property. The record card indicates this property is a one-story home compared to the subject's one-and-a-half-story design and the property has 1978 square feet of GLA compared to the subjects 3168 square feet of GLA. Again, Huang/Han do not make any adjustments to this property to reflect differences compared to the subject.

In their September 2010, letter, Huang/Han claim they did not present these two properties as comparables to their property, but rather as evidence of a lower market value in the area. They assert the properties were built prior to the "financial crisis" and both were sold at prices significantly lower than the builders asking prices. It is their contention the asking price reflects the builders' costs. Based upon these two properties selling for less than their asking prices and over an extended

marketing time, Huang/Han assert their property should be valued at \$486,500 allocated as \$400,000 to the improvements and \$86,500 to the land. There is no evidence presented arrive at this conclusion.

The Board of Review supplied a Brief outlining its position. The Brief asserts the appellants argument “centers on the fact that because these properties sold at prices well below their initial asking prices, this is evidence that market value has decreased in the last two years in Ames.” We agree this appears to be the appellant’s argument.

We do not find the two properties submitted are reasonable equity comparables or market value comparables due to significant, unadjusted differences in style, size and amenities (basement finish). For an equity comparison, Huang/Han fail to select similar properties; establish the market value of those properties; then, compare the market value to the assessments to determine a ratio analysis. For a market value comparison, Huang/Han fail to adjust the comparables for differences then reconcile this information to a conclusion establishing a value opinion for the subject property.

The City Assessor, in a letter dated June 14, 2010, to the Board of Review identifies two, two-story homes in the subject’s neighborhood for equity comparison. The letter states that 2520 Cottonwood Road is slightly larger, of slightly superior quality to the subject property, and is assessed for \$555,590 as of January 1, 2010. The second property, located at 2508 Cottonwood Road, is classified as a two-story in the subject’s neighborhood. However, this property has less GLA and sits on a less valuable lot. This property is assessed at \$485,000 for January 1, 2010. Since neither of these properties are sales, they can not be used for a market value analysis. The assessor does not establish a market value for either property to compare to the assessment in an effort to develop a ratio analysis. The Brief asserts these two properties indicate the subject property’s assessment “is equitable compared with these other like properties in light of their differences.” While we agree that these properties appear to be more similar to the subject than those presented by Huang/Han, we disagree with the Board of Review’s assertion that these properties demonstrate equity.

Huang/Han also supplied a listing of another property they own, located at 1112 Idaho Avenue, Ames, Iowa. In their September 2010 letter they assert 1112 Idaho Avenue was originally listed with the aid of a broker for \$259,000, compared to its January 1, 2009, and January 1, 2010, assessments of \$258,900. The listing expired and was subsequently put on the market for sale by owner with an asking price of \$246,000. Huang/Han note the current list price is \$13,000 less than the 2009 and 2010 assessments, yet they have had no offers. Again, it does not appear Huang/Han assert 1112 Idaho Avenue is comparable to the subject property, but rather that the extensive listing and asking price below the assessed value indicates “how bad the housing market is” in the City of Ames.

Lastly, Huang/Han supplied an invoice from Friedrich Construction. The invoice indicates a base price of \$473,400, with eight payments totaling \$425,000. The “final amount of the job,” after accounting for change orders and escrow, is \$433,925. This cost does not reflect land value. According to the property record card, Huang/Han purchased the subject site in March of 2008 for \$94,900. The 2010 assessed value of the site is \$86,500. The actual contract was not supplied for review and it is unknown if there were any out-of-pocket expenses incurred by Huang/Han in the completion of their property. We note that the total cost noted by Huang/Han is either \$528,825 (considering the *purchase price* of the site) or \$520,525 (considering the *assessed value* of the site). Both costs are less than the January 1, 2010, assessment of \$543,700. Huang/Han again assert the correct total value of their property “in today’s market” should be \$486,500, and again they fail to explain the rationale at how this was determined.

The Brief asserts there is only a 2.81% difference between what Huang/Han assert as their total cost of \$528,825 (invoice of improvements plus actual cost paid for the site) and its assessment of \$543,700. As such, the Brief claims the property is not over-assessed. We disagree with this analysis. The code requires assessments be 100% of market value, not within a given percentage for a particular property.

However, Huang/Han did not provide sales of comparable properties for a market analysis or develop a complete ratio analysis to support an equity claim. While cost is a consideration, it is unknown if these are the complete costs of construction for the entirety of the improvements assessed, which would include landscaping and other features such as drives or walk-ways; or if there is a market value above some of the associated improvement costs. Additionally, we note that while cost is a consideration, the first method of valuation to be considered is the market approach. We do not believe Huang/Han's residential property is so unique that this approach could not be developed, resulting in only the cost approach being considered.

Based on the foregoing, we find insufficient evidence has been provided to demonstrate the subject is assessed inequitably or over-assessed.

Conclusions of Law

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2009). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). But new or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shriver*, 257 Iowa 575, 133 N.W.2d 709 (1965). The six criteria include evidence showing

“(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination.”

Id. at 579-580. The gist of this test is to determine the ratio difference between assessment and market value, even though Iowa law now requires assessments to be 100% of market value. § 441.21(1).

Huang/Han provided two properties for comparison. While they do not directly assert these two properties are equity comparables, no other data was presented to support this claim. We do not find the properties to be similar to the subject. Their claim fails for this reason.

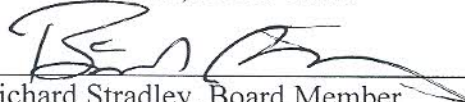
In an appeal that alleges the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(b), there must be evidence that the assessment is excessive and the correct value of the property. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). Again, Huang/Han supplied two properties that sold, neither of which are claimed to be comparable to the subject. Regardless of their comparability there were no adjustments or reconciliations of the information to support what Huang/Han claim as the correct value. Huang/Han did provide an invoice for the improvements; however supporting data is missing to determine that these costs are equal to the property's market value.

THE APPEAL BOARD ORDERS that Xiaoqui Huang and Ningning Han's property located at 2618 Cottonwood Road, Ames, Iowa, January 1, 2010, assessment is affirmed.

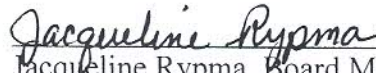
Dated this 29 day of April, 2011



Karen Oberman, Board Chair



Richard Stradley, Board Member



Jacqueline Rypma, Board Member

Cc:

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Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>4-29</u> , 2011	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input type="checkbox"/> Certified Mail <input type="checkbox"/> Other
Signature	